

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2002-445

November 12, 2003

MAINE PUBLIC UTILITIES COMMISSION
Inquiry Mid Period Review of CMP's ARP
2000 Service Quality Indices

EXAMINER'S REPORT

NOTE: This Examiner's Report is written in the form of an Order; however, it is the Advisors' recommendation only and does not constitute formal Commission action. Parties may file exceptions to this Report by close of business on December 1, 2003. We anticipate that the Commission will consider this case at its deliberative session on Monday, December 8, 2003.

I. SUMMARY

In this Order, as part of our Mid-Period Review of Central Maine Power Company's ARP 2000 Service Quality Index (SQI), we conclude that the outage exemption for the SQI's two service reliability metrics (CAIDI and SAIFI), as well as the outage exemption for the Business Call Answering metric, should be modified from the current service-area basis to a company-wide basis. We reject, however, the Advisory Staff's recommendation to modify the duration component of the exemption criteria. As part of our decision to modify the current exemption criteria, we conclude that it is necessary to revise the CAIDI and SAIFI metrics to ensure that the historical baselines and the performance measures are calculated on an equivalent basis. In addition, we conclude that the CAIDI and SAIFI baseline metrics, as well as the outage exemption calculations going forward, be based on Central Maine Power Company's new outage database program developed during the course of this proceeding.

II. PROCEDURAL HISTORY

See Appendix A.

III. BACKGROUND

On November 16, 2000, we approved a Stipulation entered into between Central Maine Power Company (CMP or Company) and the Office of the Public Advocate (OPA) which approved a new Alternative Rate Plan (ARP 2000) for CMP. Similar to other alternative rate plans we have approved, ARP 2000 contains a Service Quality Index (SQI) component.

The ARP 2000 SQI establishes service quality and reliability standards for eight criteria and provides for penalties should CMP fail to meet the established criteria in any calendar year during the ARP. Two of the metrics address service reliability: the Customer Average Interruption Duration Index (CAIDI), which is a calculation of the average time required to restore service to the average customer per sustained interruption, and the System Average Interruption Frequency Index (SAIFI) which measures the average frequency of sustained interruptions per customer over a pre-defined period of time. Five of the other six SQI metrics address the services delivered to CMP's customers: the number of complaints received by the Commission's Consumer Assistance Division, the speed of answering business calls and outage calls, CMP's installation of new services by the date promised, and a customer survey of customers who called CMP's business line. The remaining measure addresses the

speed of CMP's response to requests to enroll customers with Competitive Electricity Providers.

Under ARP 2000, when more than 10% of the customers in a service area are affected by outages, all outages occurring in that service area associated with that event are excluded for the duration of that outage from the CAIDI and SAIFI calculations. In addition, days when 10% of customers in a service area are experiencing an outage, are also excluded from the "speed of answering business calls" metric. For purposes of the customer service and reliability indices, the service areas are defined as: Augusta, Waterville, Dover, Farmington, Skowhegan, Rockland, Portland, Alfred, Lewiston, Bridgton and Brunswick.

ARP 2000 calls for a SQI Mid-Period Review which provides that, on or before June 1, 2003, any party may request that the Commission modify or add to CMP's service quality indices for effect on January 1, 2004. The MPUC Complaint Ratio and the Call Center Service Quality (Customer Survey) indicators were specifically targeted by the parties to the ARP 2000 Stipulation for replacement during the Mid-Period Review. The parties to the Stipulation agreed to work collaboratively with the Commission Staff to develop a new indicator or indicators that would replace these targeted indicators. If the parties were to reach agreement on this new indicator, it would take effect on January 1, 2004, assuming Commission approval.

To ensure that all the parties had an opportunity to pursue the collaborative effort contemplated in the ARP 2000 Stipulation and to provide parties with the opportunity to present any unresolved issues to the Commission in sufficient time for implementation on January 1, 2004, the Commission issued a Notice of Investigation initiating the Mid-Period Review investigation on August 21, 2003. The Commission Staff began working with the parties to develop replacement measures for the PUC Complaint Ratio and the Customer Survey metrics in the Fall of 2002.

In the Advisory Staff's Bench Analysis, filed with the Commission on May 28, 2003, the Staff stated that based on the information shared during the collaborative process, the parties and the Advisory Staff were in agreement that the two metrics targeted for replacement were accomplishing their objectives and should be retained. In its Bench Analysis, the Commission Staff did recommend, however, that as part of the Mid-Period Review, the Commission modify the CAIDI and SAIFI outage exemption from its current service area basis to a company-wide basis. As part of its proposal to modify the exemption criteria, Staff also recommended that the CAIDI and SAIFI baselines be modified to ensure that CMP was not unfairly penalized as a result of the exemption modification. The Staff's recommendation as well as the responses of CMP and the OPA are summarized below.

IV. STAFF RECOMMENDATIONS AND POSITIONS OF THE PARTIES

A. Advisory Staff

In its May 28, 2003 Bench Analysis, the Staff notes that in CMP's ARP 2000 compliance filings for 2001 and 2002, CMP excluded a total of 66 days from the CAIDI and SAIFI metric calculations. In contrast, during the previous five-year ARP period of 1995-1999, CMP excluded a total of 20 days. Staff asserts that a review of the data indicates that a significant number of small-scale, non-extraordinary events were excluded during the first two years of ARP 2000 while no such exclusions occurred during ARP I. The Staff asserts that the increase in exemptions can be traced back to the change in the outage exemption from ARP I to ARP 2000 and not to any increase in extraordinary weather events.

Under the Company's ARP I SQL, the outage exclusion provision exempted all days in which customer outage hours exceed 0.8 times the number of CMP customer accounts in that month. Under the current exemption provision, outages affecting as few as 1,800 customers are excluded from the CAIDI and SAIFI calculations. Staff goes on to state that, in contrast to the ARP I SQL, which excluded only major storms, and to the NYNEX AFOR, which does not even automatically exclude "catastrophic events," the ARP 2000 exemption is excluding such events as outages caused by squirrels, tree contacts and auto accidents. By doing so, the effectiveness of the CAIDI and SAIFI metrics, as tools to measure service reliability, have been greatly compromised.

The Staff therefore, recommends that the outage exclusion component of ARP 2000 be modified so that only days in which at least 10% of all of CMP's

customers are experiencing an outage simultaneously are excluded from the CAIDI and SAIFI metrics. Outages that occur on days when the 10% threshold is not met, even if the outages are associated with events that have exceeded 10% threshold on preceding or following days, will not be excluded. Days in which multiple events have occurred where cumulatively, the events meet the 10% threshold, but do not at any one-time meet the 10% threshold, will not be excluded.

The Staff states that, it is not its objective to “raise the bar” for the outage exclusion in the midst of the ARP. Rather, its objective is to correct a component of the ARP that it believes is not working as intended. In reviewing the data provided by CMP during the collaborative, Staff notes that it appears that the current CAIDI and SAIFI baselines were based on the Company's worst performance during the 1995-1999 period with the current 10% service area outage exclusion. Thus, Staff also recommends that the CAIDI and SAIFI baselines be modified as part of this proceeding.

The Staff recommends that the CAIDI and SAIFI baselines be recalculated utilizing the same methodology (worst annual performance during the 1995 through 1999 five-year period) using Staff's proposed outage exclusion. Since Staff did not have all the necessary data to perform this calculation at the time of the Bench Analysis, the Staff requested that CMP, as part of its reply filing in this case, provide the recalculated metric with the year-by-year performance data.

Finally, the Staff recommends that the exemption criteria for the Business Call Answering metric, which excludes days when 10% of customers in a service area are affected by an outage, be modified along the same lines as the CAIDI and SAIFI exemption, so that only days where 10% of the Company's customers, company-wide, were out of service would be excluded. The Staff does not, however, believe that it is necessary to recalculate the Business Call Answering metric at this time since this metric was developed based on industry-wide standards; was not based on data excluding storm outages; and in Staff's view, remains readily achievable with the new exclusion.

2. Office of the Public Advocate

On June 24, 2003, the OPA filed Comments supporting the Advisory Staff's position. In its Comments, the OPA states that:

"The purpose of this SQI, as with any pertaining to electric service, is to prevent the utility from cutting costs so much that it fails to deliver safe, adequate and reasonable service. As such, it is intended to preserve the quality of service that its customers have come to expect. Reliability of service is extremely important to customers, and the quick restoration of service for what may be called routine outages is a reasonable expectation. Therefore, the CAIDI and SAIFI metrics in the current ARP should not allow exclusions for ordinary every-day utility problems such as animal contact and automobile accidents. Those types of events should be accounted for in the baseline. Exclusions, on the other hand, should be limited to extraordinary events like major storms."

The OPA concludes that leaving the bar for exclusions at its current level would send the wrong message to CMP management that CMP could cut staff and expenses aimed at service quality and still meet the SQI metrics.

3. Central Maine Power Company

On August 22, 2003, CMP filed its Response to the Bench Analysis and Comments of the Public Advocate. In its Response, CMP notes that the Staff, in its Bench Analysis, is really proposing three significant changes in the CAIDI and SAIFI calculations. First, the Staff is proposing that the threshold for an exemption be raised to 57,000 customers, or 10% of the Company's customers on a territory-wide, being out of service. Second, the Staff is also recommending that the duration of the outage exemption be modified. Currently when an outage is excluded, CMP excludes the entire outage event from the calculation. In contrast, the Staff is recommending that only days during which the 10% threshold is exceeded be excluded. The third significant change according to CMP, is Staff's recommendation that only outages related to weather events be considered excludable. During the technical conference on its filing, however, the Company acknowledged that the Staff had not in fact proposed to limit the exemption criteria solely to weather-related events.

CMP disagrees with the Staff and the OPA's assertion that the outage exclusion is not working as intended. CMP asserts that each party to ARP 2000 understood that more events would be excluded under ARP I. The outage exclusion in ARP 2000 is part of a multi-part performance-based regulation approach that contains a delicate balance of risks and benefits for each party. Changing one element of ARP 2000 at this point will upset that balance.

According to CMP, the time to consider changes such as those proposed by Staff is during the process of establishing the successor to ARP 2000. CMP notes that during the course of each annual review, and during other proceedings, it provides significant amounts of data to the Commission on its service quality. Thus, there are substantial opportunities to review the Company's actions to determine if its service quality is deteriorating.

The Company agrees with the Staff that the parties to ARP 2000 determined the current CAIDI and SAIFI baselines using data for the 1995 through 1999 period, excluding outages. The Company also agrees that should the exemption criteria be changed here it would be necessary to change the metrics so that the baseline and performance indices are calculated on an equivalent basis. If Staff's approach were accepted, using the same methodology used to set the current baselines - the worst year of the 1995 through 1999 period - would yield a CAIDI metric of 12.70 and a SAIFI metric of 3.50. CMP notes that these results, which are significantly higher than the current metrics, are strongly influenced by including outage hours from the 1998 Ice Storm which would no longer be excluded under Staff's 10% by-day proposal. CMP notes that it would not expect Staff to accept these baselines and anticipates that the Staff would present some type of normalizing adjustment to remove the effect of the Ice Storm since such a result would be inconsistent with the Staff approach to revise the baseline based upon historic results. Such a normalization

adjustment would put CMP at the additional risk of meeting the CAIDI and SAIFI baselines.

In its Response, CMP proposes that if the Commission does determine that the exclusion criteria requires modification, it should consider reducing (for calculation purposes) the number of service areas from eleven to seven. Since the average number of customers is about 80,000, on average approximately 8,000 customers out would trigger an exclusion. The CAIDI and SAIFI baselines would be recalculated to reflect these revised outage exclusion criteria. In addition, CMP proposes that it be authorized to request permission from the Commission to exclude outage data from the calculation of any service quality indicator when specific events, not otherwise excludable, are beyond the control of CMP and affect CMP's ability to maintain service quality. CMP would request exclusion of these events within 45 days of the end of such event and the Commission would rule on such requests within 45 days of the submission of such request.

The Business Calls Answered exemption criteria would also be modified to exclude days when more than 10 percent of customers in a service region (now seven regions instead of 11 service areas) are affected by outages. The Company would exclude all calls on those days from the calculation of this indicator. The Company did not recommend a change to the Business Calls Answered metric as part of this proposal.

V. DECISION**A. Factual Findings**

The SQI component of the ARP 2000 rate plan approved by the Commission in Docket No. 99-666 established a CAIDI metric of 2.58 and a SAIFI metric of 1.88. These metrics were based on CMP's worst annual performance for each of the metrics during the period of 1995-1999. The CAIDI and SAIFI performances for the 1995-1999 baseline period were calculated using the service area outage exemption agreed to in the ARP 2000 Stipulation.

The ARP 2000 Stipulation exempts outages from the CAIDI and SAIFI calculations when more than 10% of customers in a service area are affected. If this threshold is met, all outages occurring in that service area are excluded for the duration of that outage. The service area exemption thresholds are summarized below:

Current Outage Exclusion Thresholds

Service Area	10% of Customers in Service Area
Augusta	4,600
Brunswick	6,700
Waterville	3,200
Dover	2,200
Farmington	4,000
Skowhegan	1,800
Rockland	4,900
Portland	10,300
Alfred	10,400
Lewiston	5,300
Bridgton	3,400

On March 15 of each year, CMP submits its annual ARP Review filing which includes a report on CMP's CAIDI and SAIFI performance for the prior year as well as a description of the outages excluded from the reliability metrics. For the year 2001, CMP's CAIDI performance was 2.01 and its SAIFI performance was 1.45. For 2002, CAIDI was calculated to be 1.97 while SAIFI was 1.72. During 2001, CMP excluded outages on 27 days and during 2002 CMP excluded outages on 32 days. The following Table provides a summary of days excluded from the CAIDI and SAIFI performance measurements during the first two years of ARP 2000.

Excluded Days for CAIDI/SAIFI by Cause - # Customers Impacted

	2001	# Cust.	2002	# Cust.
Animal Contact	2	10,336	4	15,324
Auto Accident	2	6,915	1	2,272
Customer Error	1	3,873	0	0
Crane Contact	0	0	1	6,575
Equipment Failure	2	9,941	3	17,169
Weather Related	19	218,020	27	405,841
Tree Caused	1	3,889	2	10,790
Structure Fire	0	0	1	3,443
Totals	27	252,974	32	461,414

Both the excluded outages and the CADI and SAIFI performances were based on a manual review of the reports filed by CMP field personel. In an attempt to

measure the impact of Staff's proposal, both in terms of its effect on the calculation of the historical baseline, as well as to measure what the impact would have been during the first two years of ARP had Staff's proposal been in effect, CMP developed an outage database program which could more readily calculate CAIDI and SAIFI exclusions than the Company's current manual approach. As noted above, in its Response CMP claimed that using the Staff's approach resulted in a worst year CAIDI of 12.74 (1998) and a worst year SAIFI of 3.50 (also 1998). During the discovery process, CMP acknowledged these CAIDI and SAIFI calculations were incorrect and that the correct CAIDI and SAIFI numbers for the baseline period were as follows:

Year	CAIDI	SAIFI
1995	3.129	1.667
1996	2.233	1.939
1997	2.067	1.483
1998	4.632	2.059
1999	2.271	1.883

Applying the worst year methodology to these baseline numbers, would produce metrics of 4.63 for CAIDI and 2.06 for SAIFI.

B. Conclusions of Law

In Maine Public Utilities Commission, Inquiry into the Response by Public Utilities in Maine to the January 1998 Ice Storm, Docket No. 98-026, Order at 35 (Dec. 29, 1998) we concluded that:

Prudent public utility management and planning can ameliorate consequences of major events beyond utilities' direct control, and service

quality measurement baselines can be selected to reflect unusual events (e.g., hurricanes). Thus, only major events that cause very substantial drops in quality, and that the utility can demonstrate were beyond its ability to anticipate, should qualify for consideration as exogenous events exempted from service quality indices.

We thus agree with the position articulated by the Advisory Staff in its Bench Analysis that small-scale, non-extraordinary events, such as normal weather events (e.g. rain storms), car accidents and animal contacts, are reflected (and should be reflected) in the metric baselines. These non-extraordinary events are occurrences that utilities need to plan for and be prepared to address. A utility's response to non-extraordinary events is a factor that should be evaluated as part of an effective service quality index and is in fact what CAIDI is intended to do. In addition, when small, non-extraordinary events are excluded, it is quite possible that the frequency of outages could be increasing from historical baseline levels, even when the baseline is based on the same exemption criteria, since the increased outages may only result in an increase in exclusions and, thus, not be picked up in the SAIFI performance metric measurement.

In reviewing the list of exemption days claimed by CMP during 2001 and 2002, it seems very obvious that the current SQI exemption methodology is capturing events which are neither major nor beyond the utility's ability to anticipate. This includes exemptions claimed for animal contacts, auto accidents, customer error, equipment failure and structure fire. During 2002, CMP exempted outages during 32 days, which is approximately one in every eleven days of the year. This occurred during a year that there were no hurricanes, blizzards or other extraordinary events. We, therefore,

conclude that the exemption mechanism is not functioning as we would envision a properly designed exclusion mechanism to operate and, therefore, requires modification as part of Mid-Period Review process.

CMP argues that the current CAIDI and SAIFI exemption provisions were part of the overall ARP 2000 package agreed to by the parties and that modifying this provision would upset the delicate balance of the Stipulation. The ARP 2000 plan approved by the Commission, however, specifically provides for a Mid-Period Review of the SQI mechanism. The Mid-Period Review provision contained in the Stipulation provides that on or before June 1, 2003, any party may request that the Commission modify CMP's service quality indices to be effective January 1, 2004. Were we to accept CMP's argument here, the Mid-Period Review called for under the ARP 2000 plan would essentially be meaningless since all of the provisions of the ARP 2000 Stipulation can be seen to be linked and part of the overall package bargained for by the parties.

The Mid-Period Review provision of the Stipulation does go on to provide that:

The Service Quality indicators agreed to in this Stipulation will have the presumption of correctness, and any party seeking to modify or add to any of the Service Quality indicators will have the burden of proving that the modification or addition is reasonable and appropriate.

We find that the preponderance of the evidence here, supports the position that the current exemption criteria requires modification.

CMP argues that the Staff knew or should have known that more outages would be excluded during ARP 2000 than under ARP I and that the exclusion mechanism is working as expected and intended by the parties. At the technical conference on the Bench Analysis, members of our Advisory Staff stated that while they were on the ARP 2000 team that participated in the development of the ARP 2000 plan, they personally were not involved in the development of the exemption criteria. In addition, they stated that they did not appreciate the ramifications that going to the 10% by service area standard would have on the number and the nature of the outages excluded from the CAIDI and SAIFI performance calculations.

We have no reason to believe that our Advisory Staff here, has acted in anything other than in good faith in this case or in the the ARP 2000 case. It is our view that the purpose of the Mid-Period Review provision is to address and correct, unintended consequences of the SQI's operation which are found to be unreasonable. Even if we were to conclude that our Advisory Staff and the OPA should have anticipated the consequences of the current exclusion mechanism, we would not as part of our Mid-Period Review of the SQI endorse a mechanism which we now find to be unreasonable for the remaining four years of CMP's current ARP.

Finally, we address CMP's argument that the Commission has ample opportunity, in other contexts, to ensure that CMP's service quality does not deteriorate. In *Central Maine Power Company, Proposed Increase in Rates*, Docket No. 92-345 (II), Detailed Opinion and Subsidiary Findings (Jan. 10, 1995) we approved the first

Alternative Rate Plan for Central Maine Power Company. ARP I, as it is sometimes now referred to, was not only CMP's first ARP but represented the first Alternative Rate Plan for any utility in Maine. In our Order, we expressed our concerns about the effect that an alternative rate plan's incentive to minimize costs and maximize profits might have on service quality. We found that the Commission's traditional authority to penalize a utility for excessive customer complaints or poor reliability might not provide an effective regulatory tool to ensure high quality service. We concluded that a Service Quality Index is superior to the traditional tools available to the Commission because specific service quality standards are established in an SQI and penalties are automatically assessed if a deterioration occurs. *Id.* at 22-23. We thus do not accept the Company's argument that our ability to rely on traditional regulatory tools to penalize the Company for service that we later find to be inadequate obviates the need to correct an element of the SQI mechanism which we find to be deficient. Having concluded that the exemption criteria requires modification as part of the Mid-Period Review process, we next consider the specific modification proposals before us.

In its Response to the Bench Analysis, the Company proposed that if the Commission determined that it was appropriate to modify the exemption criteria as part of the Mid-Period Review, that the Commission consider reducing the number of service areas from eleven to seven for purposes of determining the CAIDI and SAIFI outage exemptions. Under CMP's alternative proposal for CAIDI and SAIFI calculations, the Company's outage thresholds for the seven proposed service areas would be as follows:

Service Area	Number of Customers In Region	10% Customers in Region
Alfred	102,200	10,220
Augusta/Fairfield (Capital)	77,100	7,710
Lewiston/Bridgton (Lakes)	85,500	8,550
Brunswick	65,900	6,590
Farmington/Skowhegan/Dover (Northern	79,100	7,910
Portland	101,800	10,180
Rockland	47,900	4,790

Had the Company's alternative proposal been in effect during the past two years, the number of outage exclusion days would have been reduced from 32 to 25 in 2002, and from 27 to 15 in 2001. While this can certainly be seen as a step in the right direction, the Company's proposal would still automatically exempt outages affecting as few as 4,800 customers and, thus, would continue to exempt small scale, non-extraordinary events. For example, under the Company's proposal an outage caused by animal contact on February 14, 2001 affecting 6,486 customers and a tree caused outage on February 21, 2002 affecting 6,692 customers would continue to be excluded from the CAIDI and SAIFI metrics. In our view then, the Company's proposal does not go far enough to correct the current problem.

The Staff has proposed two separate modifications to the exemption provision. The first aspect would modify the required number of customers impacted from 10% by service center to 10% of total Company customers. The second aspect

would modify the duration of the outage exclusion so that only those days where the 10% threshold was exceeded would be excluded.

We find that, the Staff's proposal to change the duration aspect of the exemption criteria goes beyond addressing Staff's concern of excluding only major events from the CAIDI and SAIFI calculations. Rather, this proposal would seem to address a concern that CMP is not acting appropriately once an event is excluded. As CMP points out in its Response, during severe outages such as the 1998 Ice Storm, large numbers of customers remain out of power for significant periods of time after the customer count goes below the 10% outage threshold. Thus, a significant outage, such as the Ice Storm, could skew both the CAIDI baseline metric as well as a particular year's performance metric. Based on the record before us then, we are not prepared to accept Staff's proposed change to the duration aspect of the exemption criteria.

Under the Staff's service territory proposal, in order to qualify as an excludable event, approximately 57,000 of CMP's customers would need to be out of service. During 2001 and 2002, this criteria would have resulted in four days related to one weather event being excluded. In 2002, nine days related to two weather events would have been excluded. As noted previously, there were no hurricanes, blizzards or other natural disasters during this period. Based on our review of the record, we find that Staff's proposal to modify the exemption criteria so as to exclude events which affect 10% of customers company-wide more closely aligns the outage exclusion with our objectives for an exclusion criteria enunciated in *Public Utilities commission, Inquiry*

into the Response by Public Utilities in Maine to the January 1998 Ice Storm, Docket No. 98-026, and thus, should be adopted.

As part of its proposal, the Advisory Staff recommended that if the exemption criteria were changed as part of the Mid-Period Review, the performance metric should also be modified to ensure that the metrics and the performance calculations are done on an equivalent basis so that the Company is not penalized solely as a result of a change in the exemption criteria. The Company in its proposal, also recommends that the CAIDI and SAIFI baselines be recalculated to reflect the revised outage data. In addition, both the Company and the Staff agree that the current metrics were calculated excluding exempted outages and were based on the worst annual performance during calendar years 1995-1999.

Excluding the entire outage event where the event results in 10% or more of CMP's customers being out, produces the following CAIDI and SAIFI baseline numbers for the 1995-1999 baseline period.

Year	CAIDI	SAIFI
1995	2.209	1.511
1996	2.007	1.798
1997	2.068	1.483
1998	2.044	1.811
1999	2.271	1.883

The CAIDI and SAIFI metrics that result from this calculation then are 2.27 for CAIDI and 1.88 for SAIFI compared with the current CAIDI of 2.58 and SAIFI of 1.88. The fact that CAIDI, which measures the average duration of the interruptions would go down when we narrow the exemption criteria, and thus include more, but less severe outages, is not surprising. The fact that SAIFI did not go down, despite the change in the exemption criteria, is somewhat surprising. We find that this result can be traced to the new and apparently more accurate methodology which CMP is employing to track outage exclusions and which has the effect of increasing the number of days excluded and thus lowering the resultant SAIFI calculations. For example, based on the information provided by CMP, assuming no change in exemption criteria, the CAIDI and SAIFI numbers would drop to 1.94 and 1.35 using CMP's programmatic approach compared to the 2.63 CAIDI¹ and 1.88 SAIFI produced by the manual approach. Since the revised metrics have been calculated employing the programmatic approach and since the approach appears to more accurately calculate outage exclusions and CAIDI and SAIFI performance, we conclude that CMP should continue to employ this approach in calculating its CAIDI and SAIFI performance during the remainder of ARP 2000.

In moving to a company-wide exclusion criteria, we recognize that it is possible that certain localized events, such as a tornado, could cause substantial damage to CMP's system and result in a significant degradation in service but affect less than 10% of CMP's customers on a territory-wide basis. We therefore, conclude

¹ We note that there is a slight unexplained difference between the current CAIDI metric and the metric produced by applying the worst year criteria calculated "by hand."

that it is appropriate to grant the Company's request that it be authorized to request permission from the Commission to exclude specific extraordinary events, otherwise non-excludable, when such events are beyond CMP's control and which significantly affect CMP's ability to maintain adequate service.

Finally, as part of its Bench Analysis, the Staff recommended that the exemption for the Business Call Answering metric track the CAIDI and SAIFI exemption but that it was not necessary to recalculate the metric since: this metric was not based on data excluding storm outages as was CAIDI and SAIFI; was developed based on industry-wide standards; and in Staff's view remained readily achievable with the new exclusion. In its alternative proposal, CMP recommended that the exclusion for this metric be modified in coordination with its proposed change in the CAIDI and SAIFI exemption. Like Staff, CMP did not propose any change in the Business Call Answering metric.

In reviewing the data provided by CMP during the ARP 2000 annual review, we note that CMP met the current Business Call Answering metric even when no days were excluded by the exemption criteria. In addition, there seemed to be very little, if any, difference between CMP's performance with exclusions and without any exclusions. Specifically, in 2001, the end of year performance was 82% with exclusions and was also 82% without exclusions. In 2002, end of year performance was 85% with exclusions and was also 85% with no exclusions. To ensure that only major events are excluded from the performance calculation, we conclude that the exemption criteria for

the Business Call Answering metric should be modified to mirror the exemption criteria for CAIDI and SAIFI. Based on the record before us, however, we do not believe that it is necessary to modify the Business Call Answering metric in conjunction with this change to the exemption criteria.

Dated at Augusta, Maine, this 12th day of November, 2003.

Charles Cohen
Hearing Examiner
In consultation with:
Derek Davidson, Director of Consumer
Assistance Division and,
Ralph Howe, Utility Analyst

Appendix A

The Commission issued a Notice of Investigation initiating this docket on August 21, 2002. As the subject of this investigation, Central Maine Power Company (CMP or Company) was made a party at the outset. The Notice of Investigation provided other persons wishing to participate in this proceeding with an opportunity to intervene. The Office of the Public Advocate (OPA) and the Industrial Energy Consumers Group (IECG) filed timely petitions to intervene which were granted without objection.

Throughout the Fall of 2002, the Commission's Advisory Staff and the parties met informally in an attempt to resolve all issues related to the Mid-Period investigation. While the stakeholders in the collaborative were able to agree on certain matters, they were not able to agree on all issues. Therefore, on May 6, 2003, the Hearing Examiner issued a Procedural Order which established a litigation schedule to dispose of all contested matters.

On May 28, 2003, the Commission's Advisory Staff in this proceeding (Charles Cohen, Derek Davidson and Ralph Howe), submitted its preliminary recommendations by way of a Bench Analysis. A technical conference on the Staff's Bench Analysis was held on June 17, 2003 and on June 24, 2003, the OPA filed comments on the Bench Analysis.

On August 22, 2003, Paul Dumais and Scott Mahoney, on behalf of CMP, filed CMP's Response to the Bench Analysis and Comments of the Public Advocate. A technical conference on the Company's Response was held on October 3, 2003.

At the conclusion of the technical conference, a case conference was held to discuss the remainder of the litigation schedule needed to bring this matter to closure. At such time, the parties and the Examiner concluded that there were no factual issues in dispute requiring cross-examination, and therefore, it was not necessary to schedule hearings in this matter. In a Procedural Order of October 9, 2003, the Examiner submitted a proposed record in the case. The parties were provided with an opportunity to propose additional items for the record or to object to any proposed items. No additional items have been proposed, nor have any objections been filed to items proposed by the Examiner. The record in this matter then, shall consist of the following documents:

- a) Exhibit #1 - The Advisory Staff's Bench Analysis filed on 05/28/03;
- b) Exhibit #2 - The OPA's Comments of 06/24/03;
- c) Exhibit #3 - CMP's Response to Bench Analysis of 08/22/03;
- d) Exhibit #4 - Responses to Data Requests (consisting of Staff's responses to CMP 01-01 through 01-16; CMP's responses to EX 01-01, EX 02-01, EX 02-02; CMP's response to ODR 01-01, ODR 01-02 and CMP's supplemental response to ODR 01-02);
- e) Exhibit #5 - Transcripts of the Technical Conference of June 17, 2003 and October 6, 2003;
- f) Exhibit #6 - CMP's Annual ARP 2000 Filing, Docket No. 2002-124, Attachments 15 and 16;

- g) Exhibit #7 - CMP's Annual ARP 2000 Filing, Docket No. 2003-179,
Attachments 15 and 16; and,
- h) Exhibit #8 - CMP's Informal Data Response of 03/18/03.